

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
/110 W

-----241351 027516/44

R 241302Z FEB 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 1399
INFO AMEMBASSY BRUSSELS
AMEMBASSY BONN

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E.O.11652: N/A
TAGS: BEXP, ENRG, BE, GW, IR
SUBJ: OIL BARTER: REPORTED FRG/BELGIUM/IRANIAN OIL BARTER
AGREEMENT

1. ENGLISH LANGUAGE KAYHAN INTERNATIONAL FOR FEBRUARY 19 REPORTED STATEMENT BY KRUPP SPOKESMAN IN ESSEN THAT AGREEMENT HAS BEEN REACHED FOR THE SUPPLY OF IRANIAN CRUDE OIL TO BELGIUM OIL COMPANY PETROFINA IN PAYMENT FOR "KRUPP DELIVERIES TO IRAN." FOUR AND ONE-HALF (4.5) MILLION TONS OF OIL WILL BE TAKEN BY PETROFINA OVER PERIOD OF SEVERAL YEARS. PRESS ITEM SOMEWHAT CONFUSED ON WHETHER THIS TRIANGULAR TRANSACTION RELATED TO SALE OF KRUPP GOODS AND SERVICES TO IRAN OR FOR PAYMENT FOR IRAN'S EQUITY PARTICIPATION IN KRUPP PARENT FIRM (APPROXIMATELY 25 PERCENT KRUPP SHARES). FINANCIAL TIMES OF FEBRUARY 16 CORRECTLY ESTIMATED VALUE OF PURPORTED DEAL AT MORE THAN \$400 MILLION AND ALSO RAISED THE POSSIBILITY THAT THE BARTER DEAL RELATES TO EQUIPPING THE SAR CHESHMEH COPPER REFINERY FOR WHICH KRUPP AND MECHIN, A SUBSIDIARY OF BELGIUM UNION MINIERE, ARE BIDDING.

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2. FRG EMBASSY HERE PROFESSED VIRTUALLY COMPLETE IGNORANCE ON DETAILS OF TRANSACTION, ALTHOUGH FRG PETROLEUM OFFICER SPECULATED THAT PETROFINA'S OFF-TAKE OF THE IRANIAN CRUDE WOULD BE IN EXCHANGE FOR GOI'S EQUITY IN KRUPP. HE EMPHASIZED THAT HE WAS NOT CERTAIN OF THIS, HOWEVER.

3. BELGIUM AMBASSADOR TOLD EMBOFF THAT HE HAD "CLEAR IMPRES-

SION" THAT DEAL, WHICH MIGHT ALREADY HAVE BEEN SIGNED, WAS FOR IRANIAN SHARES IN KRUPP RATHER THAN FOR DELIVERIES OF KRUPP PRODUCTS TO IRAN. AS TO PRICE OF IRANIAN CRUDE TO PETROFINA, HE HAD NO FIRM INFORMATION ON THIS POINT, ALTHOUGH HE HAD REQUESTED FOREIGN MINISTRY IN BRUSSELS TO PROVIDE HIM WITH SAME. HE HAD IMPRESSION, HOWEVER, BASED ON CONVERSATIONS WITH PETROFINA OFFICIALS LAST MONTH, THAT PETROFINA WAS INSISTING ON CURRENT SAUDI ARABIAN PRICE PER BARREL RATHER THAN 5 PERCENT HIGHER IRANIAN PRICE. ANY PER-BARREL PRICE ABOVE CURRENT SAUDI PRICE, HE SAID, WOULD HAVE TO BE DEFRAYED BY KRUPP AND NOT BY PETROFINA. BELGIUM AMBASSADOR WAS AWARE THAT CURRENT SAUDI PER-BARREL PRICE SOMEWHAT BELOW PRICE WHICH SHELL IS PAYING UNDER U.S.-GOI RAPIER MISSILE OIL BARTER TRANSACTION CONCLUDED LAST YEAR. THIS PRICE WAS 22 CENTS PER BARREL BELOW OPEC POSTED PRICE PLUS 2 PERCENT DISCOUNT ON TOTAL VALUE OF MISSILES DELIVERED.

4. COMMENT: WERE THE GOI PURCHASE OF KRUPP SHARES OR THE SAR CHESHMEH REFINERY PROJECT SINGLY OR BOTH INCLUDED IN THE BARTER THIS WOULD STILL LEAVE CONSIDERABLY MORE FOR OTHER "GOODS AND SERVICES" TO BE BARTERED. THE ESTIMATED COST OF IRAN'S KRUPP EQUITY PURCHASE IS DM 500 MILLION (76 DUSSELDORF 1353 AND 76 TEHRAN 10586), ROUGHLY \$200 MILLION, AND THE COPPER REFINERY PROJECT IS ESTIMATED AT NO MORE THAN \$135 MILLION. SPECULATION CAN INCLUDE COVERAGE OF BOTH PROJECTS IN THE BARTER, BUT TO EMBASSY'S BEST KNOWLEDGE THE COPPER REFINERY CONTRACT IS UNAWARDED.

5. FOR BONN AND BRUSSELS: WOULD APPRECIATE RECEIVING WHATEVER FURTHER INFORMATION YOU CAN DEVELOP ON THIS TRANSACTION, PARTICULARLY PER-BARREL PRICE WHICH PETROFINA WILL PAY FOR THIS IRANIAN LIMITED OFFICIAL USE

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CRUDE.
MIKLOS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, AGREEMENTS, BARTER TRADE
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN01758
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770064-0443
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770211/aaaaakcs.tel
Line Count: 99
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 48571fbf-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3236284
Secure: OPEN
Status: NATIVE
Subject: OIL BARTER: REPORTED FRG/BELGIUM/IRANIAN OIL BARTER AGREEMENT
TAGS: BEXP, ENRG, BE, GE, IR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/48571fbf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009